

Message Text

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ACTION EB-06

INFO OCT-01 AF-04 ARA-06 EUR-08 EA-06 NEA-06 ISO-00 FEA-01

AEC-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FPC-01 H-01 INR-05 INT-05 L-02 NSAE-00 NSC-05 OMB-01

PM-03 RSC-01 SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00

FRB-01 AECE-00 PRS-01 /098 W
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P R 212015Z OCT 74

FM AEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 6337

INFO AMEMBASSY GROIERS

AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY DHARAN

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY MEXICO CITY

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

UNCLAS CARACAS 10412

E.O. 11652: N/A

TAGS: ENRG, VE

SUBJECT: RATHER OF OPEC CRITICIZES ALL SIDES REGARDING
PETROLEUM POLICY AND UTILIZATION OF PETROLEUM REVENUE

FOLLOWING IS A SUMMARY OF COMMENTS BY JUAN PABLO PEREZ
ALFONZO TO CENTRAL UNIVERSITY STUDENTS ON OCTOBER 19; HIS
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NEWS WAS FRONT PAGED AND PUBLISHED TEXTUALLY THROUGHOUT

VENEZUELA:

"JUAN PABLO PEREZ ALFONZO YESTERDAY SHARPLY CRITICIZED THE GOVERNMENT'S DEVELOPMENT PROGRAMS AS 'IMAGINARY DEVELOPMENT' AND CALLED FOR A 1.2 MILLION BARREL A DAY REDUCTION IN THE NATION'S OIL OUTPUT.

RETURNING TO THE PUBLIC EYE AFTER A LENGTHLY ILLNESS, PEREZ ALFONZO REITERATED HIS CLAIM THAT 'OIL CANNOT BE PLANTED' AND SAID THAT THE NATION IS SQUANDERING ITS OIL AND IS UNABLE TO USE ITS OIL REVENUES FOR REAL DEVELOPMENT.

SPEAKING AT THIS YEAR'S FIRST CLASS OF THE CENTRAL UNIVERSITY'S POSTGRADUATE COURSE ON PETROLEUM ECONOMICS AND ADMINISTRATION, HE NOTED THAT INCOME FROM OIL THIS YEAR IS EQUAL TO A 26 MILLION BARREL A DAY PRODUCTION AT 1968 PRICES. VENEZUELA CURRENTLY PRODUCES 3.1 MILLION BARRELS A DAY.

THE FOUNDER OF THE ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES ALSO CONTENDED THAT ALONG WITH THROWING ITS MONEY AWAY, THE NATION IS THROWING AWAY MILLIONS OF DOLLARS BY NOT EXTRACTING NATURAL GAS FROM EVERY OIL WELL.

HE MAINTAINED THAT THE ONLY WAY TO ELIMINATE THIS WASTE IS TO FORBID THE EXTRACTION OF PETROLEUM WITHOUT AT THE SAME TIME USING OR STORING NATURAL GAS.

HE SAID THAT VENEZUELA THIS YEAR 'HAS REACHED THE SUMMIT OF THE OIL MONEY MOUNTAIN,' AND THAT THE BEST 'CUSHION FOR THE DESCENT' IS A QUANTITY OF FOREIGN INVESTMENTS EQUAL TO THIS YEAR'S OIL INCOME.

HE NOTED THAT VENEZUELA SHOULD HAVE NATIONALIZED ITS OIL INDUSTRY IN 1973, WHEN ITS SHARE OF THE OIL PROFITS WENT UP. HE MAINTAINED THAT THIS ACTION WOULD HAVE SAVED THE CONSUMER IN INDUSTRIALIZED NATIONS MONEY. HE NOTED THAT IT IS THE EXTRAORDINARY PROFITS OF THE OIL FIRMS THAT ARE PRIMARILY RESPONSIBLE FOR THE HIGH PRICE OF OIL.

JUAN PABLO PEREZ ALFONZO CALLED FOR THE SPEEDY NATIONALIZATION OF THE OIL AND IRON INDUSTRIES, AS WELL AS THE FOREIGN SHARES IN THE ELECTRIC AND MILK INDUSTRIES, AND ALL OTHER INDUSTRIES.

HE SAID THAT IN ORDER FOR DEMOCRACY TO WORK, POLITICAL, ECONOMIC, AND ADMINISTRATIVE POWER MUST BE DECENTRALIZED.

PEREZ ALFONZO ALSO CRITICIZED THE OPEC NATIONS FOR FAILING TO TAKE INTO ACCOUNT THE INTERESTS OF THE CONSUMERS.

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HE SAID THAT FROM ITS FOUNDING IN 1960, THE ORGANIZATION WAS PLEDGED TO ADOPT AN ATTITUDE DIFFERENT FROM ORDINARY MERCHANTS WHO ARE CONCERNED ONLY WITH THEIR OWN INTERESTS.

BY NOT TAKING ACTION TO CUT DOWN THE EXCESS PROFITS OF THE OIL FIRMS, OPEC HAS CONTRIBUTED TO THE HIGH PRICES THAT CONSUMERS MUST PAY, HE CONTENDED.

IN ANSWER TO A QUESTION PUT BY A NEWSMAN AS TO HOW THE OPEC MEMBERS COULD FORCE THE FIRMS TO DECREASE THEIR PROFITS, PEREZ

ALFONZO SAID THAT EVERY SALE SHOULD BE MONITORED BY A REGULATING AGENCY.

SHOULD THE OIL FIRMS SELL THEIR PRODUCT AT A PRICE HIGHER THAN THAT ESTABLISHED BY THE REGULATING AGENCY, THE AGENCY COULD TERMINATE THEIR CONTRACT.

HE SAID THAT EXCESS PROFITS ARE ANYTHING OVER 11 PER CENT RETURN ON INVESTMENTS. HE NOTED THAT MANY OIL FIRMS ANNOUNCED PROFITS OF 33 PER CENT FOR LAST YEAR.

THE VENEZUELAN OIL EXPERT SAID THAT OIL PRICES COULD BE REDUCED IF THE EXCESS PROFITS OF THE OIL FIRMS ARE REDUCED.

HE ADDED THAT THE PRICE OF A BARREL OF OIL COULD GO NOW LOWER THAN \$10, WHICH IS ITS 'REAL MARKET VALUE.'

PEREZ ALFONZO SAID THAT THE ENERGY CRISIS IS A GOOD THING FOR ALL PARTIES INVOLVED, AND SHOULD CONTRIBUTE TOWARD THE CREATION OF A NEW, MORE CONSERVATIONIST, LIFE STYLE.

HE SAID HE BELIEVED THAT PRESIDENT CARLOS ANDRES PEREZ' ANSWER TO PRESIDENT GERALD FORD WAS JUSTIFIED. HE CLAIMED THAT THE U.S. GOVERNMENT HAD BEEN SURPRISED BY PEREZ' ANSWER, AS FORD'S 'THREAT' HAD BEEN INTENDED FOR THE ARAB NATIONS.

JUAN PABLO PEREZ ALFONZO SAID THAT PRESIDENT FORD AND U.S. SECRETARY OF STATE HENRY KISSINGER HAD NOT COUNTED ON THE SPANISH TEMPER INHERITED IN THESE PARTS.'

THEY 'HAD NOT COUNTED ON OUR INCLINATION TO DEFEND OUR HONOR EVEN AT THE EXPENSE OF OUR POCKET BOOK;,' HE COMMENTED. HE SAID THAT THE U.S. EFFORTS TO REDUCE OIL PRICES HAD FAILED WHEN THE U.S. EFFORTS TO REDUCE OIL PRICES HAD FAILED WHEN THE U.S. REFUSED TO GO ALONG WITH A PROPOSAL MADE BY FRANCE, GREAT BRITAIN, WEST GERMANY, AND JAPAN CALLING FOR A REDUCTION IN THE PRICE OF ITS OWN OIL.

HE BLASTED THE U.S. BY CALLING IT 'A VORACIOUS AND DANGEROUS SUPERPOWER.'"

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PERSONAL OPINION, POLICIES, PETROLEUM PRODUCTION, CENTRAL GOVERNMENT, DEVELOPMENT PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974CARACA10412
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740299-0871
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741031/aaaabalm.tel
Line Count: 154
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 04 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 MAR 2002 by chappeld>; APPROVED <22 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: RATHER OF OPEC CRITICIZES ALL SIDES REGARDING PETROLEUM POLICY AND UTILIZATION OF PETROLEUM REVENUE
TAGS: ENRG, VE, (PEREZ ALFONZO, JUAN PABLO)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005